

[English]

MR. SPEAKER : I think, that is enough will you consider or not?

[Translation]

SHRIMATI KANTI SINGH : Mr. Speaker, Sir, the hon. Member has asked about the corruption. In case we find any truth in the allegation, we will conduct a probe.

[English]

**Investment in Large, Medium and Small Scale Industries**

\*322. SHRI ISWAR PRASANNA HAZARIKA : Will the Minister of INDUSTRY be pleased to state :

(a) the total investment made in large, medium and small scale industries during the post liberalisation period from 1991-92 to 1995-96; and

(b) how much of this investment has been made in or proposed for the North Eastern States including Assam?

THE MINISTER OF INDUSTRY (SHRI MURASOLI MARAN) : (a) and (b). A statement is laid on the Table of the House.

**STATEMENT**

(a) and (b). The following table shows the Gross Capital Formation in manufacturing (registered and unregistered) during the period 1991-92 to 1994-95 :

	(Rs. in Crores)			
	1991-92	1992-93	1993-94	1994-95
Manufacturing (R)	19453	22919	25977	35582
Manufacturing (UR)	8260	10313	11044	15467
Total Manufacturing	27713	33232	37021	51049

Sources :- National Account Statistics 1995 and Quick Estimates on National Income, 1994-95.

(R) Registered

(UR) Unregistered

Separate State-wise figures are not available. However the following table shows the investment proposed for All India and the North Eastern States including Assam from 1991-92 (since August, 1991) till 1995-96 :

State	Industrial Investment Intentions (Numbers)			Proposed Investment		
	LOIs	IEMs	Total	LOIs	IEMs	Total
All India	2369	24971	27340	66537	491410	557947
North Eastern State (Including Assam)	14	66	80	1853	3908	5761

LOIs = Letters of Intent granted for licensable items.

IEMs = Industrial Entrepreneur Memoranda filed for delicensed items.

[English]

SHRI ISWAR PRASANNA HAZARIKA : Mr. Speaker, Sir, I am stunned and flabbergasted to see the figures furnished in reply to my question today. Till this moment, I used to feel that I was an Indian but these figures make me feel that I am a North-East Indian, which is different from being an Indian.

Here in the figures, we find that during the post-liberalisation period, the amount invested in the country, in total, in industries is Rs.5,57,947 crore. Out of that, a paltry Rs.5,761 crore is attributable to the North-East Indian States. This includes about Rs.3,600 crores for the gas cracker project on which the Central Government has been sitting for years, when precious gas is being flared. If that is deducted, then it comes to a very, very insignificant figure.

Then, I have with me figures furnished by the Finance Ministry in answer to my question on the 26th

July, 1996. During the post-liberalisation period of three years up to 1995-96, the total capital raised from public issues in 1993-94 was Rs.24,371 crore. Out of that, the total for all the eight States of North-East India amounts to Rs. 5.25 crore only and Rs.5.25 crore out of nearly Rs.25,000 crore comes to 0.0002 per cent. Similarly, in 1995-96, out of more than Rs.20,000 crore raised from public issues, the amount attributable to this region is only Rs.19 crore and that amounts to 0.0009 per cent ... (Interruptions)

MR. SPEAKER : Shri Hazarika, you may kindly put your question.

SHRI ISWAR PRASANNA HAZARIKA : This is a very important issue. The new economic policy is going to create two Indias: one, a rich India; the other, a poor India and the poor India will be from Bihar eastwards, including Assam and North-East India. The regional dimension is missing in the new economic policy.

Now, in our obsession with market driven forces to determine economic activities, we are putting the unity and integrity of the country in jeopardy...*(Interruptions)*

MR. SPEAKER : If you want an answer, please do not make a speech here...*(Interruptions)*

SHRI ISWAR PRASANNA HAZARIKA : My question is this. Does the Government want to make a deviation from this new economic policy and provide funds to public sector undertakings to operate in the North-Eastern States, including Assam, where private investment is not coming because the factors are such that profits cannot be maximised?

SHRI MURASOLI MARAN : Sir, I want to erase the impression from the hon. Member's mind. There is no such discrimination between one area and another. For example, the North-Eastern States are getting special treatment from the Government of India. As you may know well, the Government has a list of a special category of States...*(Interruptions)* By way of Central Plan Assistance, they receive ninety per cent as grants as against thirty per cent given to the other category of States.

MR. SPEAKER : I do not think he is going into that. The limited question is, since the North-Eastern States could not attract investments due to lack of transport and other infrastructural facilities, under liberalisation scheme whether the Government will try to compensate it by investing more in public sector.

SHRI MURASOLI MARAN : Sir, I will come to that. He made a distinction between pre-reform and post-reform period. I am told that during post-reform period, we have left them at the mercy of the private sector. This is not right in the sense that even during the licensing period, there were backward areas.

According to one particular committee report, during the licensing period, nearly eighty per cent of the gross output of the factories, value added and invested capital, were concentrated in ten States only. The hon. Minister of Finance has come out with a lot of fiscal incentives for the development of infrastructure and we have appointed a working group also. We do our best to bring in more industries to the North-Eastern States. It is deriving the attention of the Government.

SHRI ISWAR PRASANNA HAZARIKA : Sir, the people of Assam cannot be blamed for thinking that successive Governments of the Centre are perpetuating the legacy of colonial, exploitative and enclave economy left over by the Britishers because hardly anything is being done there. Gas is being flared to take out crude oil and the profits accruing from selling tea are invested outside the State of Assam. All these have got to be rectified in our new economic policy and unless we take certain special measures for the North-East, then it will remain the poor cousin of the rest of the country.

As you know, the insurgency is generated mostly by unemployment and poverty. Therefore, if we have to

combat this menace, immediate measures have got to be taken. My objection is that certain incentives that are referred to by the hon. Minister, are extended to the rest of the country also. If the incentives that are given to Assam are also extended to Maharashtra, no industry will ever come to Assam. I would like to ask whether for accelerating the growth of the economy of the State of Assam in general and for rapid industrialisation in particular. There should also be a separate economic zone for North-Eastern States.

MR. SPEAKER : The hon. Minister has already answered that question.

SHRI ISWAR PRASANNA HAZARIKA : My question is whether a separate economic zone would be created to provide special incentives to the North-Eastern States different from other States.

MR. SPEAKER : The hon. Member wants to know whether a separate economic zone will be created.

SHRI MURASOLI MARAN : The special economic zone is a suggestion for action. I would like to tell the hon. Member that there is already a North-East Development Finance Corporation which was created last year. Recently, the hon. Minister of Finance has announced that income would be exempt from Income Tax. It has a share capital of Rs. 100 crore at present. It has started functioning recently. It has made the maiden advance recently and it is doing its best to develop industries there. The hon. Member hails from that area and he knows better. There was a Committee appointed by the Finance Ministry under the Chairmanship of Dr. Bartakur.

The situation is not as bad as it is made out to be. For example, in the educational institutions, both general and technical, the literacy rate is very good. Mizoram alone has achieved 100 per cent literacy. Regarding infrastructure also, the situation is not bad. You cannot think in terms of conventional large scale industry...*(Interruptions)*

That Committee has come out with a certain kind of proposal. In the final analysis, it is said, "The industries having a comparative cost advantage have reached sustainable growth". The Government can give certain props for development. But that cannot be continued for ever. Therefore, they have suggested that there should be more development in the primary sector.

As you know well, the Green Revolution has not started in the North-Eastern areas. For example, in Assam, if paddy land can be made to produce multiple crops, it will enhance agricultural production to 400 to 600 per cent. This is one of the areas yet to be explored.

For example, there is scope for development of sericulture, development of weaving as an industry, horticulture, livestock, forestry etc. Other life-saving sectors can be taken up.

The water areas of the village can be put under scientific fishery. The States may develop major *Bhil* areas.

This Group observed that industry could stand on props of concession only for a short while but can not be sustained in the long run. They have given a long list. This kind of things should be looked into.

*[Translation]*

SHRIMATI SUSHMA SWARAJ : Part (b) of the question related to investment in North Eastern States. I am sorry to point out that in comparison to the rest of the country, the investment made in the North Eastern States presents a dismal picture. As against 2369 licenses for the entire country, only 14 licenses have been in the North Eastern States. The hon. Minister, instead of enlightening us about the industrial status of the N.E. states, is diverting our attention by presenting a rosy picture about the rate of literacy in these states. Mr. Speaker, Sir, you also belong to one of the N.E. States and I also had the privilege of being the first lady and we know the plight of these states. Sir, you had rightly observed that because of lack of infrastructure viz. power, railways, roads, the industrialists are not setting up industries there. But we have identified certain areas where food processing industries can be set up because of abundance of pineapple. I would request the industry Minister to approve us whether Government propose to set up a food processing venture in the joint sector? I am laying stress on joint venture because it would involve the private sector also.

*[English]*

SHRI MURASOLI MARAN : The North-Eastern region is full of resources - both mineral and agro-based. But the thing is how to develop it. For example, Assam coal is of superior quality. Then, there are China clay, quartz and limestone. All these things are there. But now the Central Government can intervene only with regard to licensed industries in which we can play a role. Otherwise, now we have thrown open the economy.

What is wrong with the North-Eastern region is lack of infrastructure. The emphasis is on infrastructure. That alone can remove the backwardness. The hon. Finance Minister, in his Budget speech, has announced an infrastructure company with a capital of about Rs.5,000 crore. He also announced certain income-tax benefits - some fiscal benefits. These are there. We should also try our best to bring more industries to the North-Eastern areas.

SHRI MRUTYUNJAYA NAYAK : Sir, for the last five years, I have been drawing the attention of the House to share my concern that Orissa has been the most backward State. And Phulbani constituency has

been the worst as it has no industry. That is a chronic problem.

So, I would like to know from the hon. Minister - after the liberalisation policy has come - whether the Government is thinking of giving priority to those areas which are mostly tribal and backward.

Has the Government got any Action Plan to identify those areas for giving such a priority for getting foreign investment and for improving those areas?

SHRI MURASOLI MARAN : Even though the question concerns the North-Eastern areas, I can very well tell that in the present liberalised atmosphere, only the investor-friendly environment by the Government can attract industries. Recently, we have also cleared several projects for Orissa.

SHRI PABAN SINGH GHATOWAR : Sir, earlier there was a Cabinet Sub-Committee to look after the overall development of the North-Eastern region. There are perennial problems and industrial backwardness there. There are a lot of other problems like insurgency, etc. Appreciating these problems, earlier, a Cabinet sub-Committee was formed to look after the overall development of the North-Eastern region. May I know from the hon. Minister whether the Government has disbanded that Cabinet Sub-Committee or whether they are forming a Sub-Committee to look after that region because the problems of the North-East are peculiar in comparison to other parts of the country? May I know the status of that Cabinet Sub-Committee from the hon. Minister?

SHRI MURASOLI MARAN : I am sorry to say that I am not aware of any Cabinet Sub-Committee but in this liberalised atmosphere, what we can do is this. There are certain industries which are under the licensed system. In that area, we can play a role and we can make certain investments in the North-Eastern sector. Otherwise, in non-licensed industry, it is up to the private sector and naturally, the private sector will look forward to increase its profit. So, market-friendly states can come forward and attract the private sector. In the meanwhile, we are doing our best, as I have said before, to cater to the development of the North-Eastern region.

SHRI PABAN SINGH GHATOWAR : Inter-Ministerial coordination is very much required and in that background, that Sub-Committee was formed.

MR. SPEAKER : Mr. Ghatowar, that Committee does not come under the purview of the Ministry of Industry. It is with the Ministry of Home Affairs. The Minister of Home Affairs is the Chairman and there are other Ministers also. There is a Committee of Central Ministers for economic development of the North-East where the Home Minister is the Chairman. The question is whether this Committee has been revived or not. I do not think that the Minister is expected to know about this as it is with the Ministry of Home Affairs.